

HRM Stadium Analysis Phase 2-Final Report

Presentation to Regional Council

December 6, 2011

Overview of Presentation

- Steering Committee
 - Overview and Recommendation
- Staff Presentation
 - The Process
 - Significance of the Opportunity
 - Benchmarks
 - Public Consultation
 - Site Selection
 - Preliminary Design
 - Operating Costs
 - Economic Impact Assessment
 - Capital Cost – Class C Construction
 - Risks
 - Recommendation

Steering Committee: Overview and Recommendations

Kim Mason HRM Stadium Analysis Project – Chair

- The Project
- The Mandate
- The Process
- The Recommendation

Significance of the Opportunity

- FIFA Women's World Cup
- Community driven need for expanded recreation inventory
 - 300+ days per year of community access
- Supported by national and international event hosting opportunities
 - 60+days per year of event activity

Community Driven – Event Supported

3-Phased Approach to Analysis

Council approval to initiate Phase 1, February 8, 2011

Phase 1 Consultation and Business planning (viability)

Council approval to proceed to Phase 2, August 9, 2011

Phase 2 Consultation, Site Selection, Preliminary Design,
Class C Construction Cost, Partnership Funding

Presentation with completed Phase 2 analysis, Dec. 6, 2011

Phase 3 Construction, pending approval

Stadium Analysis - Benchmarks

| | |
|--------------------|--|
| June 2008 | Community Facility Master Plan identifies need for indoor turf facility |
| December 7, 2010 | Regional Council submits interest for 2015 Women's FIFA Women's World Cup |
| February 8, 2011 | Regional Council approves a three phased Stadium Analysis |
| March 3, 2011 | Canada wins 2015 FIFA Women's World Cup Canada |
| August 9, 2011 | Regional Council approves a Phase 2 Stadium Analysis |
| September 15, 2011 | HRM seeks Private Sector land submissions |
| October 2, 2011 | FIFA visits Halifax Regional Municipality |
| October 18, 2011 | Council approves in principle that HRM will fund up to \$20 million to construct a new multi-use stadium |
| December 6, 2011 | Phase 2 Final Report to Council |

Key Findings from Citizens

- 7 in 10 residents either **strongly or generally support** Council committing up to 20M to the Stadium, with the remaining coming from partners (phone and online)
- 1 in 4 **strongly oppose** funding a stadium (online)
- 1 in 6 **strongly oppose** funding a stadium (phone)
- 4 in 10 **favour** Shannon Park, with Dartmouth Crossing next
- Those who support, say there will be economic benefits, and that HRM needs a stadium
- Those opposed, say that other priorities are more important, and that HRM cannot afford a stadium

Outcome of Analysis

Community Driven – Event Supported

Determination of Usage

- 300+ community usage days per year
- Minor sport, School sport, Recreational, University, and senior recreational play
- 60+ event days per year
- Provincial championships, Atlantic/Maritime sport, National and International Events
- Non-sport events

Type and Scope of Facility

- 10,000 permanent seats
- Expandable to 20,000 seats
- Artificial multi-sport turf
- Bubble for winter
- off-season play
- Non-sport amenities
- Community accessible

Resulting Project Recommendations

Site Dartmouth Crossing Precinct / Shannon Park

Preliminary Design 10,000 permanent seats minimum
14,000 permanent seats if funding allows

Capital Class C \$54.8M - \$71.1M**

Design Build with Guaranteed Maximum Price (GMP)

** The variance in the capital cost reflects the following:

final site selection (\$3.5M)

10,000 or 14,000 seats (\$9.4M)

Purchase or rent temporary seating (\$3.4M)

Site Selection

Selection Criteria

- Ease of acquisition
- Allow for future expansion
- Campus approach, facility expansion
- Community destination
- Adjoining infrastructure, services
- Roadways, retail, hotels, hospitality
- Relationship to planned growth areas
- Urban centre
- Appropriateness of land use
- Long term economic impacts
- Supporting and respectful of existing business sectors

Potential Sites

Private Sector Submissions:

- Dartmouth Crossing Precinct
- Lake Loon Golf Centre
- Summit Rock (Hwy 118)
- Parkdale Development (Hwy 102 at Aerotech)

Municipal Sites

- Aerotech Business Park
- Cogswell Interchange
- City of Lakes Business Park

Other

- Saint Mary's University
- Shannon Park

Site Evaluation Matrix

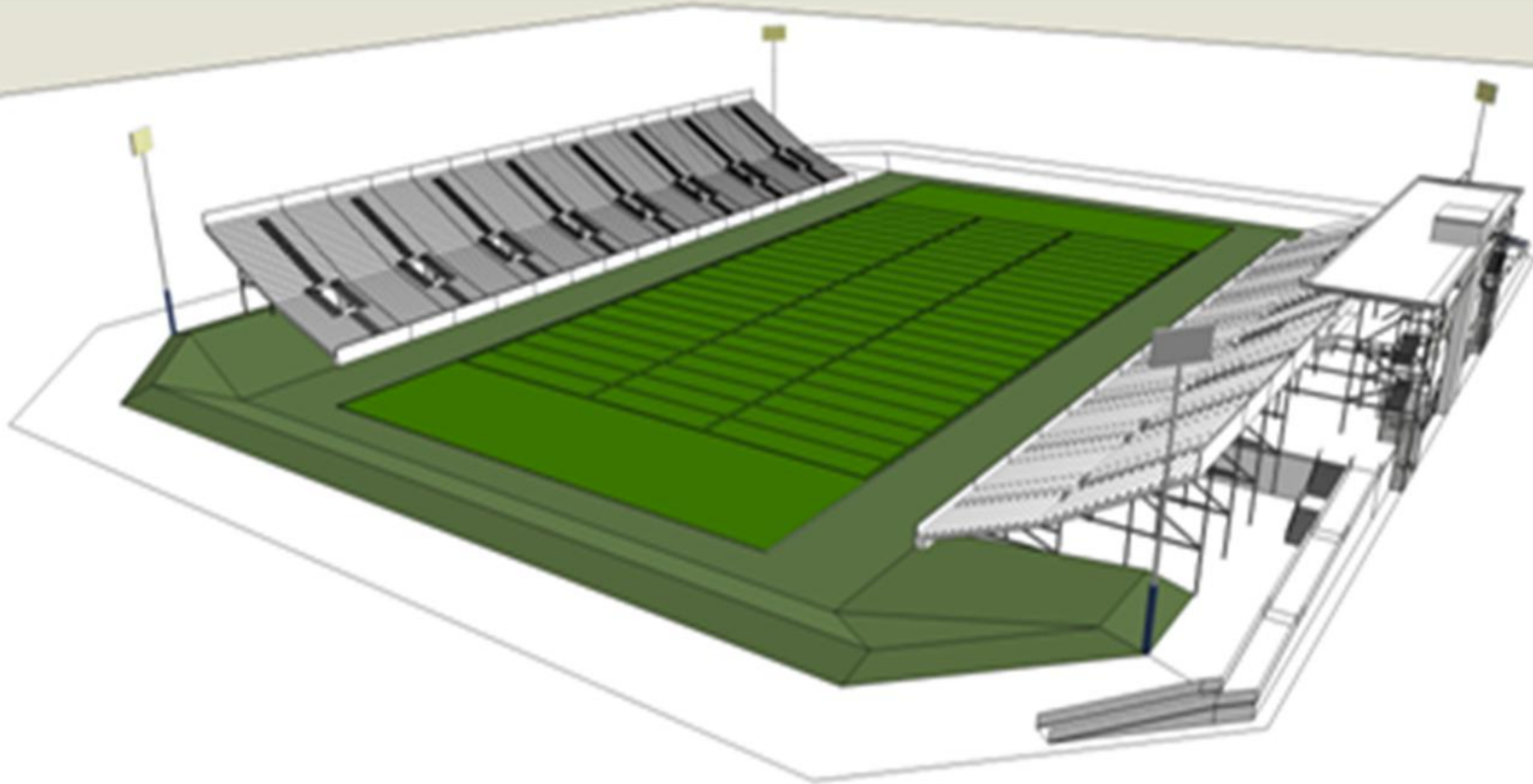
| Identify Potential Sites | # of Submissions | Site Evaluation Matrix Scoring | Rank | Short List |
|--------------------------|---|-------------------------------------|-------------|---|
| other | Dart Crossing/Commodore Saint Mary's University Shannon Park | 67.05/100 13.48/100 60.18/100 | 1 7 2 | Dart Crossing/Commodore 1 st Shannon Park 2nd |
| Private | Dartmouth Crossing-Quarry Summit Properties Lake Loon Golf Centre | 56.21/100 5.58/100 31.03/100 | 3 8 5 | Dartmouth Crossing – Quarry 3rd |
| Municipal | Cogswell Interchange Aerotech Business Park Burnside Park | 5.10/100 15.83/100 42.40/100 | 9 6 4 | *Burnside Park 4th |
| Provincial | 0 | | | |
| Federal | 0 | | | |

Design Discussion

- Evolving process
- Evidence based business plan drives design
- Permanent seating capacity
- Support amenities (media/meeting rooms, etc)
- Field of play – FIFA and Canadian Football regulation sizes
- Non-sport considerations
- Expandability considerations

HRM Stadium

The evolution of the design process

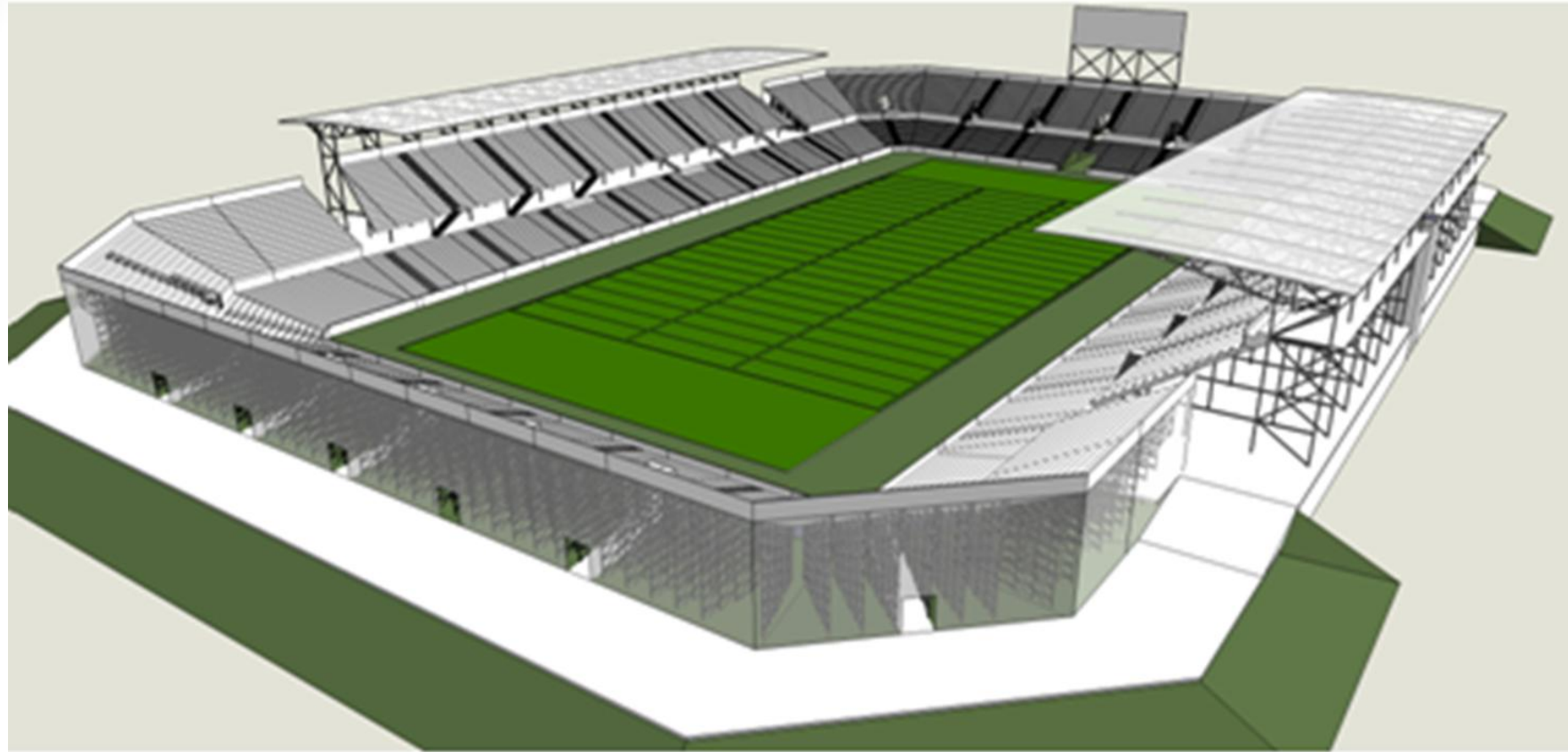


An ongoing process

Community Driven – Event Supported

HRM Stadium

The evolution of the design process



How the stadium can grow to 25,000+ seats

Community Driven – Event Supported

Capital Class C Estimate

| Costing Item | Commodore Site 1 | Shannon Park Site 2 | Quarry Site 3 | Burnside Site 4 |
|---|------------------|---------------------|---------------|-----------------|
| Land/site/servicing | \$15.3M | \$15.2M | \$13.5M | \$11,8M |
| Stadium | *\$36.8M | *\$36.8M | *\$36.8M | *\$36.8M |
| Parking | \$1.7M | \$1.7M | \$1.7M | \$1.7M |
| FF&E | \$1.1M | \$1.1M | \$1.1M | \$1.1M |
| Soft Cost | \$6.9M | \$6.9M | \$6.9M | \$6.9M |
| Total (10,000 seat facility-temp seats purchased) | \$61.8M | \$61.7M | \$60.0M | \$58.3M |
| Total 10,000 seat facility-temp seats rented) | \$58.4M | \$58.3M | \$56.6M | \$54.9M |
| Total (14,000 seat facility-temp seats purchased) | \$71.1M | \$71.0M | \$69.4M | \$67.7M |
| Total (14,000 seat facility-temp seats rented) | \$69.3M | \$69.1M | \$67.4M | \$65.6M |

Athletics - Track in or out?

1. Imperative as a minimum to meet FIFA guidelines in the design of the facility . enhanced scope = enhanced cost
2. Opportunity to meet a significant number of national and international turf events is enhanced without an athletics track in the facility.
3. Current regional inventory of athletics tracks meets the sport needs, based on number of participants.
 1. Beazley Field
 2. Metropolitan Playing Field
 3. Saint Mary's University
 4. Canada Games Centre (indoor)

Annual Operating Costs

| '000 | Year 1 | Year 2 | Year 3 |
|--|-----------|-----------|-----------|
| Revenue | | | |
| Field Rentals | \$680 | \$701 | \$722 |
| Annual Ticketed Events | \$603 | \$621 | \$640 |
| Total Field Revenue | \$1,283 | \$1,322 | \$1,362 |
| Total Building Revenue | \$561 | \$573 | \$585 |
| Total Revenue | \$1,844 | \$1,895 | \$1,947 |
| Expenses | | | |
| Direct Expenses | (\$185) | (\$190) | (\$196) |
| Gross Margin | \$1,559 | \$1,705 | \$1,751 |
| Facility Expenses | (\$1,431) | (\$1,474) | (\$1,518) |
| Net Income before Management Fee and Capital Reserve | | | |
| | \$228 | \$231 | \$233 |
| Management Fee | (\$200) | (\$200) | (\$200) |
| Capital Reserve | (\$300) | (\$300) | (\$300) |
| Net Income (Loss) | (\$272) | (\$269) | (\$267) |

Economic Implications to Host FIFA

– spending related revenues

| 2015 | 2014 | |
|--------------|--------------|--|
| \$17,992,630 | \$9,814,750 | Combined total of visitor, capital, operating spending |
| \$38,754,310 | \$21,212,643 | Total FIFA related economic activity in NS |
| \$27,617,859 | \$15,177,262 | Total economic activity in HRM (included in NS total) |
| 326.8 | 180.6 | FTE Jobs for Nova Scotia |

Economic Implications to Host FIFA – Tax related revenues

2015 Women's World Cup

| Total Tax Revenue Generated | Federal Tax Allocation | Provincial Tax Allocation | Municipal Tax Allocation | HRM Tax Allocation |
|-----------------------------|------------------------|---------------------------|--------------------------|--------------------|
| \$7,197,907 | \$3,339,670 | \$3,233,583 | \$624,654 | \$460,534 |

2014 U-20 Women's World Cup

| Total Tax Revenue Generated | Federal Tax Allocation | Provincial Tax Allocation | Municipal Tax Allocation | HRM Tax Allocation |
|-----------------------------|------------------------|---------------------------|--------------------------|--------------------|
| \$3,945,064 | \$1,822,561 | \$1,760,596 | \$361,907 | \$272,875 |

RISKS

- Land Acquisition - Only one site is currently under municipal ownership
- Interest rates could increase before the stadium is complete and debenture is issued to finance it.
- Revenues - The business plan included discount factors to account for risk associated with ticketed events, projections for field, concession, and leasing revenues, but there is still the risk they will be less than expected. For example, a 20% reduction in field and concession revenues would result in the annual operating loss in Year 1 to increase from (\$271K) to (\$460K).

RISKS

- Operating costs –Higher than expected costs for utilities and repairs and maintenance could result in higher losses.
- Annual capital reserve contribution included of \$300K may not be sufficient to fund recapitalization.
- Recruiting experienced skilled management.
- Capital Funding partnerships may not be available at this time – this is seen as a LOW risk as Staff do not recommend Regional Council proceed with construction unless partners are in place.

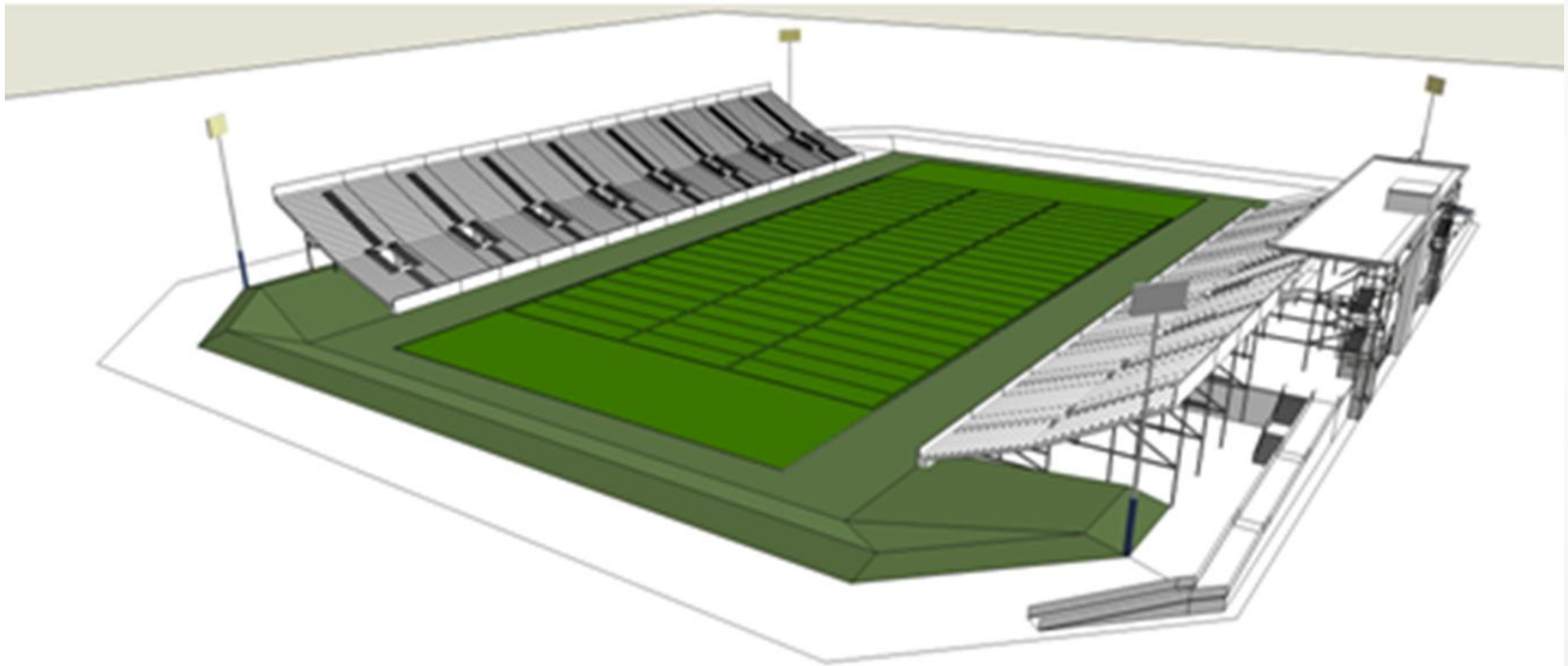
Staff Recommendations

1. Continue to pursue FIFA Women's World Cup Canada 2015, and recognize that a multi-use stadium is a required municipal sport and recreation asset.
2. Direct Staff to request an additional 6 months from CSA, and return to Regional Council no later than June 2012 for final site, design, capital scope approvals and confirmation of funding partners
3. Direct staff to begin negotiations with land owners as presented in the Stadium Analysis Phase 2 Report, and report back to Regional Council with a recommendation of optimal site.

Thank you

HRM Stadium

The evolution of the design process



An ongoing process

Community Driven – Event Supported

HALIFAX
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